STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING 1594 West North Temple – Suite 1210 Box 145801

Salt Lake City, Utah 84114-5291 Telephone: (801) 538-5291

Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I.	Gene	ral information
	1.	Report Time Periods: From (mo./yr.) Jan. 2002 To (mo./yr.) Dec. 2002
	2.	DOGM File Number (Mine No.) M / 047 / 013
	3.	Mine Name: Z.C.M.C.
	4.	Mineral(s) Mined (or permitted to mine): Gilsonite
	5.	Type of Mine: Surface Mine or X <u>Underground Mine</u>
	6.	Legal Description (Location of Lands Affected):
		S1/2,NE_1/4,1/4, Section16, Township9S, Range24E
		SE1/4,1/4,1/4, Section16, Township9S, Range24E
		1/4,1/4,1/4, Section, Township, Range
	7.	Name of Operator or Company: Ziegler Chemical & Mineral Corp.
	8.	Permanent Street Address:100 Jericho Quadrangle, Suite 140
		City, State, Zip: Jericho, New York 11753
		Phone: (516) 681-9600 Fax: (516) 681-9604
	9.	Company Representative (or designated operator):
		Name: Stan Wagner
		Title: Mine Superintendent
		Business Address: Star Route
		City, State, Zip: Vernal, Utah, 84078
		Phone: (435) 789-3593 Fax: (435) 789-3593
		□ Please check if any of the above information has changed since previous year.
II.	Mini	ng and Reclamation
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	1.	Was there any mine related activity during the past year? Yes X No □
	2.	If no, what was the last year of activity?
	3.	If yes, how much ore or mineral was mined: 21,527 ton

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DIV. OF OIL, GAS & MINING

FORM MR-AR (Revised 3/98)

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.

During 2002 we disturbed an additional 2.4 acres of land in preparation for the Sterling #1 mine. We have also made an ore bin installation near the old Main #2 Mine site which takes in about 0.5 acres.

- 5. How much additional acreage was disturbed during the past year? Approx. 3 acres.
- 6. How much acreage was reclaimed during the past year. None
- 7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

We have started reclamation of two mines on the Independent Vein, (Ind. #3, and Ind. #4). The surface structures have been removed and most of the area has been cleaned up, with re-seeding projected for fall of 2003.

- 8. What is the total disturbed acreage of entire project at years end? 13 acres.
- 9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

Z.C.M.C. will continue mining in the year 2003. Reclamation activities will continue on the Ind. #3 & #4 sites.

NOTE: Section III., "Additional Information" applies only to <u>large mining operations</u>.

III. Additional Information

- 1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
- 2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Printed):

Stan Wagner

Title of Operator:

Mine Superintendent

Stanwagner

Signature of Operator:

January 15, 20030

Date:

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